

**Statement of
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**Before the
United States House of Representatives
Committee on Appropriations
Subcommittee on Interior, Environment, and Related Agencies**

**Concerning the
Forest Service Fiscal Year 2006 Budget**

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INTRODUCTION

Mr. Chairman, Representative Dicks, and members of the Subcommittee, thank you for this opportunity to discuss the President's Fiscal Year (FY) 2006 Budget for the Forest Service. I am privileged to be here with you today. I want to express my appreciation for the support this Subcommittee has given the Forest Service to improve the health and sustainability of the nation's forests and rangelands.

I am pleased to discuss the President's FY 2006 Budget request for the Forest Service, which totals \$4.07 billion in discretionary funding. It emphasizes the top priorities of the agency, especially the President's Healthy Forests Initiative, that are essential to improving the sustainability and health of the nation's forests and rangelands. First, I will discuss the future direction of the Forest Service. Then, I will describe our efforts to reduce wildfire threats and costs. For the remainder of my testimony, I will highlight programs and legislative proposals that reflect new directives or shifts in emphasis for FY 2006.

FUTURE DIRECTION OF THE FOREST SERVICE

This year the Forest Service celebrates its 100th anniversary. We are commemorating a century of caring for America's national treasures. One hundred years ago, America's first forester, Gifford Pinchot, recognized that "our responsibility to the Nation is to be more than careful stewards of the land, we must be constant catalysts for positive change." This advice was true in 1905 and remains a guiding light now in 2005. Change is inevitable. This is why the Forest Service is committed to being a catalyst for positive change into our next century of service.

Congress created the Forest Service as part of a national strategic response to the degradation of watersheds and the substantial loss of forests and wildlife that was occurring at a rapid rate during the last half of the 19th century. Let me briefly reflect on how much has changed since the Forest Service was established in 1905. During the last half of the 19th century, the U.S. population had more than tripled and forests were being cleared for agriculture at an average rate of 13.5 square miles per day. Wildfires were burning 20 to 50 million acres a year between 1880

and 1930. These fires, as well as unregulated hunting and logging, were threatening long-term economic and environmental values. In fact, these activities were tolerated and even encouraged in the name of economic development, but it had become increasingly clear that what was going on was unsustainable.

Establishing the Forest Service in 1905 created a direct response to these threats. This response has been successful. The decline in U.S. forestland has stabilized and forest acreage is now about what it was in 1905. In fact, forestland in the Northeast has actually increased by 26 million acres since the Forest Service was established. Areas burned by wildfire have declined 90 percent since the 1930s. Forest growth has exceeded harvest since the 1940s. Tens of millions of acres of cutover lands that existed in 1905 have been reforested. Many of these are now mature forests whereas other reforested lands have been harvested a second time and are starting a new cycle. While some wildlife species continue to face threats, many others that were greatly depleted or nearly extinct in 1905 have increased dramatically, such as Rocky Mountain elk and wild turkey.

The Forest Service has played a key role over the past 100 years in creating the changes that have touched our landscapes. In January, the agency convened a Centennial Congress in Washington D.C. to discuss these changes and the future 100 years of the Forest Service. Delegates to the Congress examined issues ranging from engaging the public in land management decisions to rewarding forest owners for carbon sequestration, delivering clean water, and providing other multiple-use benefits. We discussed how American society shifted from rural and agrarian to urban and industrialized. This in turn influenced the mix of uses and values the public seeks from its public lands. Today we see increased demands for recreation, greater consumption of natural resources, and mounting pressure on public lands from new development. Yet, at the same time, the public is expressing greater concern over the need for sustainable resource management.

This historical shift places us in a conservation era that focuses on ecological restoration and long-term sustainability. We must manage the land for long-term ecosystem health and sustainable uses while meaningfully engaging the public in our decision-making. Land managers must be adaptable, innovative, and welcoming of new information, ideas, and perspectives. In the end, to be that constant catalyst for positive change in this era, the Forest Service must be more collaborative, accountable, and efficient in managing our natural resources.

In the face of constant change, Americans must examine their consumption choices as an important aspect of sustainable development and ecosystem health. The United States consumes more wood than any other country. We also consume far more timber than we produce. The Forest Service has an opportunity to promote sustainable wood production and consumption. For example, Americans build roughly 1.5 million single-family houses each year, which consume roughly 22 billion board feet of lumber. At the same time, we lose approximately 17 percent of this amount to fire each year, which is equivalent to 250,000 new houses. We also lose a significant amount to insects and diseases. If we could salvage some of this lost wood, without compromising ecosystem health, we could help minimize our need to import wood. When imports encourage illegal or unsustainable environmental practices abroad, then there's a

problem. This is why the Forest Service is assisting the State Department with implementing the President's initiative against selling illegal logs. The goal of the initiative is to combat illegal logging and the sale of illegally harvested timber products. But, minimizing consumption from foreign forests is only part of the equation. If we want healthy and resilient ecosystems and communities, then we need intelligent consumption balanced with sustainable management of our nation's forests and rangelands.

WE ARE IMPLEMENTING A LONG-TERM STRATEGY TO REDUCE WILDFIRE THREATS

Restoring fire-dependent ecosystems is the long-term solution to reduce the harmful effects of catastrophic wildfire. Restoration work involves eliminating the buildup of hazardous fuels so that natural fire regimes may be reestablished. The results of this effort may, in some cases, take several years before we begin to see significant changes in the way fire burns across the landscape. The President's Healthy Forests Initiative (HFI) is helping us tackle the process gridlock that was impeding the restoration of fire-adapted ecosystems, including the treatment of hazardous fuels.

In support of the HFI, the President's Budget dedicates \$281 million to treat 1.8 million acres for hazardous fuels. An additional one million acres will be protected as part of other natural resource management activities. Since 2001, Federal land management agencies have treated 11 million acres of hazardous fuels on public lands. The Forest Service and the Department of the Interior (DOI) agencies exceeded our program goals by accomplishing 2.9 million acres of hazardous fuel reduction for 2004, including 1.6 million acres in the Wildland-Urban Interface (WUI). Fifty-seven percent of these treatments were in the WUI.

Another part of our long-term restoration strategy is to treat the right acres, in the right place, at the right time. Consistent with the President's recent Executive Order on Cooperative Conservation, the Forest Service is working closely with State forestry agencies and other partners to coordinate fuel treatments and to provide technical and financial assistance to reduce hazardous fuels on State and private lands. We are also enlisting the assistance of local communities. The Forest Service is working with coalitions of interested citizens to identify those areas in greatest need of hazardous fuel treatments. This collaborative effort includes helping communities complete Community Wildfire Protection Plans (CWPP). To date, over 600 such plans have been completed or are in progress across the nation. The number of plans will continue to grow as partnerships are formed and high-risk areas are identified. A consistent and systematic interagency approach will have a large-scale impact on reducing the size and severity of catastrophic wildfires. In addition, in FY 2005, a handful of pilot projects supported by our Research program will test the strategic placement of fuel treatments on the behavior and effects of wildland fires. If this is effective, we will be better positioned to design and locate treatments to make a difference in the size, behavior, effects, and costs of fires. This integrated approach will maximize our investment in fuel treatments and allow us to build more integrated fuel treatment strategies with our partners.

The expanded stewardship contracting authority provided by Congress is another key feature of the President's Healthy Forests Initiative goal of reducing catastrophic wildfire threats by making treatment of the land more cost-effective and collaborative than ever. For example, it

allows contractors to make economic use of materials removed during restoration or thinning projects. This incentive promotes efficient land management practices and creates business opportunities in local communities. Using the stewardship and general contracting authority that Congress included in the Tribal Forest Protection Act (P.L. 108-278) enacted last summer, Indian tribes have the opportunity to enter into agreements with the Secretaries of Agriculture and the Interior to achieve additional fuels reduction work on federal lands adjacent to their reservations. We are working with the Bureau of Land Management and Tribes on implementation guidelines for the Act.

In all, we have a multi-faceted approach to tackling wildfire threats. Stewardship contracting, collaborating with partners, and strategically treating hazardous fuels are just a few examples. With your continued support of our hazardous fuels program and the HFI, we can have a long-term impact on minimizing the threat of catastrophic wildfire.

WE ARE LOOKING FOR NEW WAYS TO REDUCE WILDLAND FIRE SUPPRESSION COSTS

In addition to reducing wildland fire threats, we must also reduce fire suppression costs. The President's Budget proposes a \$51.6 million increase above the FY 2005 enacted amount for wildland fire suppression. This reflects the most recent 10-year average for suppression costs, which are on an upward trend. Despite going into the 2004 fire season on the heels of continuing drought and dry fuel conditions, the fire activity resulted in a below-average year across most of the nation. Alaska, the lone exception, experienced its worst fire season on record with 703 fires and 6,517,200 acres burned. The lower 48 states experienced 61,873 fires that burned 1,394,144 acres. We attribute this less severe fire season to more favorable weather, fewer dry lightning storms, and to achieving initial attack success rates of over 99 percent.

Despite this relatively "good" fire season, the agency still expended \$726 million on wildland fire suppression. The Forest Service will continue to focus on reducing wildland fire suppression costs through incentives for efficient funds management, effective supply chain management, and rapid demobilization of incident response resources. The President's Budget provides additional incentives for reducing suppression costs by allocating suppression funds to the field and authorizing use of unobligated wildfire suppression funds for hazardous fuels treatment. Thus, a line officer's success in reducing suppression expenses can be rewarded through the availability of more funds to reduce hazardous fuels. Additionally, the Forest Service will work with the independent panel that was established by Congress to assess the agency's management of large wildland fires. The panel's first report on the FY 2004 fire season will be completed soon.

RESEARCH GUIDES OUR DECISIONS AND DELIVERS NEW SOLUTIONS

In addition to these efforts, hazardous fuels reduction is critical to minimizing wildland fire suppression costs. Creating market-based incentives for the removal of this "biomass" is an important aspect of the agency's Forest and Rangeland Research program. The President's budget includes a \$10 million request for capital improvements in our Forest Products Lab, which has been a world leader in developing innovative products made from wood and other forest materials. Maximizing use of forest biomass can complement forest management, provide jobs in local communities, and offer a renewable energy source for our country. The agency's

Research program is critical for developing new technologies that make economic use of unmarketable and other salvageable forest materials while meeting our resource management needs. For example, the Lab developed a new composite material for residential siding made of recycled plastic and wood from Juniper and Salt Cedar, two tree species that contribute to hazardous fuel loads in the Southwest. Biomass utilization offers a host of opportunities, many of which are yet to be discovered. For this reason, we are pleased that the President's Budget includes such an important investment in our country's future.

The President's Budget also includes a \$12.8 million boost in research to fund the Forest Inventory and Analysis (FIA) program to cover 100 percent of America's forests with an annual inventory. The FIA is the nation's only forest census, which has been keeping track of the heartbeat and other vital statistics of America's forests for roughly 75 years. FIA is the only program delivering continuous and comprehensive assessments of our forests in a nationally consistent manner across all land ownerships. Policy and programmatic decisions hinge on what the census tells us about forest health. The FIA's up-to-date monitoring, coupled with cutting-edge research and our State and Private Forestry programs, also play a key role in addressing the emerging threat of invasive species. The FIA is critical to assessing our current progress in implementing our Invasive Species Strategic Plan. Moreover, FIA information will feed into the two national Early Warning System Centers that we are establishing in FY 2006 to identify, detect, and rapidly respond to environmental threats, such as invasive species, diseases, insects, and fire.

OUR NEW PLANNING PROCESS IS MORE FLEXIBLE, EFFICIENT, AND RESPONSIVE

Our future forest planning efforts will focus more on emerging threats, such as invasive species, wildfires, and unmanaged recreation. To meet these challenges, the Forest Service recently published a planning rule that offers greater flexibility for land managers. The rule establishes a dynamic planning process that is less bureaucratic, emphasizes science, and provides more opportunity for public involvement earlier in the planning stages. Moreover, land management plans must be more strategic, transparent, timely, and cost-effective.

This new planning process directs each forest and grassland unit to adopt an Environmental Management System (EMS), which is an adaptive management tool designed to provide feedback to land managers on all phases of land decisions. A key feature of the EMS requires independent audits of our agency's performance at 5-year intervals to ensure that we are achieving the plan's goals. The EMS will ground our decisions in science and strengthen our accountability.

Public involvement in our decisions also makes us more accountable. This is why the rule requires opportunities for public involvement at four key stages in the planning process. The rule also establishes a pre-decisional objection process that replaces our agency's costly and lengthy appeals process. These new features encourage the public to participate with land managers in the early planning stages to resolve any issues and concerns. This will be less adversarial than in the past where some people waited until after a final decision to make their concerns known by filing an appeal. Under the old rule, it typically took five to seven years to revise a 15-year land management plan, and in the case of one forest, cost as much as \$5.5

million. Under the new rule, a plan revision will take approximately two to three years and cost much less.

WE CAN REAP MULTIPLE BENEFITS FROM PRESERVING OPEN SPACE

The President's Budget dedicates \$80 million to the Forest Legacy Program, which will protect an estimated 300,000 priority acres in FY 2006. This program is an excellent tool for reducing the loss of open space and saving working forests. This program is successful, in part, because it places the important decisions of how and where to protect open space in the hands of states, local governments, individual landowners, and non-profit partners. Protection of open space serves multiple purposes that go beyond the obvious benefit of supporting biodiversity, maintaining scenic beauty, and preventing conversion of land to undesirable uses. More open space directly encourages and supports working forests, working farms, and working ranches. This is a value-added benefit that makes it profitable to maintain open space. We need to maintain "working forests"- those that are managed to produce economic and environmental benefits. Study after study shows that conservation of forests is one of the best methods for keeping our drinking water safe and clean.

Another key to this program's success is that it leverages millions of dollars at the local level. For example, each Federal dollar typically leverages an equal amount in non-Federal contributions. Since 1992, a \$197 million Federal investment has protected over \$381 million of land value, encompassing over 1 million acres through conservation easements and land purchases. We hope that you will continue to support this important program.

The President's Budget also proposes an increase of \$5 million for the Forest Stewardship Program, which provides planning and management assistance to thousands of America's private forest owners. Federal funds are leveraged by contributions from State forestry agencies that deliver this program. The improved forest management that results from this program benefits all Americans by providing a full range of ecosystem services, including clean water and air, habitat for wildlife, and forest products.

WE HAVE NEW APPROACHES TO TACKLE THE PUBLIC'S GROWING RECREATION NEEDS

National forests and grasslands are an integral connection between the American public and their desire to experience the great outdoors. The Forest Service hosts more than two hundred million recreation visitors each year. Reconciling this demand within the limits of maintaining sustainable ecosystems is becoming a greater challenge each year. To address this issue, we are looking at a variety of new approaches to keep us in the forefront of meeting visitors' expectations of having safe and enjoyable recreational experiences. Last year President Bush signed into law the Federal Lands Recreation Enhancement Act. This Act allows the Forest Service to charge modest fees at recreation sites that can be used to help maintain and improve the recreational experience of our visitors. The vast majority of recreation sites and services will continue to be free for activities such as horseback riding, walking, hiking, and general access to national forests and grasslands. The Act also establishes citizen recreation advisory committees that will provide important input on implementation of the fee program. We look forward to

working with these committees and Congress to ensure that the public is fully involved and fees are fair for the value received.

In the past several years, I have noted that unmanaged recreation, particularly with respect to off-highway vehicle (OHV) use, is a major challenge to our national forests and grasslands. The age of Americans being able to drive anywhere on National Forest System lands has come to an end. Over the last three decades, ownership of OHVs in the United States has grown from 5 million to 37 million vehicles. National forests are experiencing an explosion of user-developed trails beyond our agency's capacity to manage or maintain. Some of these unauthorized trails are causing unacceptable resource damage. In response, the Forest Service recently published a proposed regulation on management of motor vehicle use on national forests. The regulation would require forests to work closely with local communities to designate roads, trails, and areas open to motor vehicle use and specify allowable use by vehicle class and time of year. Motor vehicle travel off of the designated system would be prohibited. The agency is currently developing the final rule, which is expected to be published later this year.

WE NEED TO REVERSE THE TREND OF DETERIORATING FACILITIES

Our backlog in deferred maintenance for our infrastructure continues to be a challenge. This backlog is especially critical for facilities that provide recreation opportunities to the public, as well as our administrative sites where employees work and provide services to the public. It is appropriate that we look for solutions beyond appropriations to tackle our deferred maintenance backlog. For example, this budget proposes a new incentive-based approach to reduce our maintenance backlog for administrative sites and visitor centers. Moreover, the President's Budget proposes new legislation that authorizes the Secretary of Agriculture to sell or exchange administrative sites that are no longer needed for National Forest System purposes. The legislation will facilitate the timely disposal of administrative sites and free up dollars to invest back in existing or replacement facilities. It will also provide for the use of a working capital fund for the performance of routine maintenance. These reforms will assist the agency in maintaining and improving the quality of its facility assets.

WE HAVE MADE GREAT STRIDES IN PERFORMANCE AND FINANCIAL MANAGEMENT ACCOUNTABILITY

The Forest Service will continue agency-wide efforts to improve performance and financial management accountability in FY 2006. We have already made significant progress toward this goal. I am proud to report that the Government Accountability Office removed the Forest Service from its "high risk" list because we achieved a third consecutive "clean" audit opinion and are implementing significant organizational changes that assure sustainability in financial management. Not only is this an important accomplishment for our agency, but it demonstrates our serious commitment to make continued improvements in financial management, as well as build efficiency into other administrative areas that have been burdened with outdated policies and decentralized processes. While I am pleased with our financial management improvement, I must also acknowledge that attaining this milestone simply means that we are now balancing our checkbook - something the public should expect as the norm. Keeping the checkbook balanced will allow the agency to better focus on its natural resource management functions.

Our Financial Management Improvement Project is moving forward as planned. Later this month, the new Albuquerque Service Center will be operational, with phased implementation throughout this fiscal year. This new center will provide financial and budgetary services to the agency using performance standards that focus on customer service, efficiency, and data quality. With full implementation of financial management reforms, the Forest Service anticipates that it will realize a \$35 million in annual savings. Additionally, when other reforms are implemented, the annual savings will increase to \$91 million.

A key element of quality financial management is the ability to link funding and expenditures to the strategic goals of the agency. In response to the Budget and Performance Integration initiative in the President's Management Agenda and the Government Performance and Results Act, the Forest Service is presenting an improving performance-based budget year after year. In FY 2004, the Forest Service completed a new strategic plan. This planning blueprint has helped the Forest Service and its field units develop programs of work that address our natural resource needs while maximizing limited resources and improving performance accountability. The strategic plan was the driving force in making budget decisions and requests for FY 2006. With important system enhancements, the Forest Service will be able to provide project-specific information about FY 2006 expenditures with direct linkage to our strategic plan's goals and objectives.

To assure that the Forest Service's annual activities are appropriately aligned with its Strategic Plan, the agency is making effective use of the Program Assessment and Rating Tool (PART). The PART process has been used in the past to develop more effective performance measures and emphasis in programs, including wildland fire management, capital improvement and maintenance, Forest Legacy, and invasive species. Two additional programs will be evaluated in support of the FY 2006 President's Budget.

CONCLUSION

The President's Budget for FY 2006 delivers funding for innovative approaches as well as long-standing programs that have served the land and the American public well. The President's Budget also demonstrates that the Forest Service must use incentive-based approaches to reduce costs and accomplish its mission. We must continue to work closely with Federal and non-Federal partners to leverage alternative funds to accomplish our program of work. As I said at the beginning of my testimony, we must move forward with a renewed interest in collaboration, efficiency, and accountability as we enter this new century of service. We must be rapid responders, but we must also respond to change with great care. After all, we are the trustees of America's greatest natural resources.

Thank you for this opportunity to discuss the President's Budget. I look forward to working with you to implement our FY 2006 program and am happy to answer any questions you may have.